



Michigan League FOR Human Services

**Testimony on Senate Bill 806
Senate Finance Committee**

**Peter Ruark
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Good Afternoon, Chairman Brandenburg and members of the Senate Finance Committee. I am Peter Ruark, Senior Policy Analyst for the Michigan League for Human Services. The League is a nonprofit, nonpartisan statewide policy and advocacy organization dedicated to ensuring that Michigan's low-income residents achieve economic security. Thank you for the opportunity to speak with you today.

The Michigan League for Human Services is concerned about provisions in Senate Bill 806 that will a) make it more difficult for unemployed workers to collect Unemployment Insurance benefits as they look for work, b) reduce the amount of their benefits, or c) will require them to take full-time jobs with wages and skill levels far below the jobs they lost, impeding their ability to find and keep jobs with higher wages and skill levels.

Michigan has one of the highest unemployment rates in the nation, yet does the least among its Midwestern peers in helping unemployed workers support their families as they look for work. As explained in our recent paper *Falling Short: Michigan's Unemployment Insurance Compares Poorly with Other Midwestern States*, Michigan's UI system is last among Midwestern states in four measures of its effectiveness:

- Michigan pays the *lowest* maximum benefit, resulting in a low average benefit. (At \$293 per week, the average weekly benefit is less than minimum wage and is 13 percent below the poverty threshold for a family of three.)
- A Michigan unemployed worker is *least* likely to be eligible for UI. (It has the lowest percent of the civilian labor force covered, and the lowest insured unemployment rate relative to total unemployment rate.)
- Michigan pays out the *least* amount in UI benefits relative to total unemployment. (When the total number of unemployed workers in the state is compared with the total amount spent on UI in state and federal funds, Michigan pays the least per unemployed worker.)
- By reducing Basic UI to 20 weeks, Michigan will provide the *fewest* weeks of Basic UI beginning January 2012.

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Despite all of this, there are measures in this bill that unfairly hurt unemployed workers who are playing by the rules and making a good faith effort to find and keep employment. One example is the amnesty provision that allows an employer to seek a determination of coverage for a worker, but does not allow wages earned prior to the determination to count toward benefits for that worker—effectively penalizing the employee for the employer's mistake. Another example is the provision that lowers the threshold of what is considered suitable work, effectively requiring workers to accept full-time employment far below their wage and skill level (for many workers, this will include minimum wage work) and thus hindering their search for work commensurate with their previous employment.

The League understands the urgency of addressing Michigan's UI debt to the federal government and shoring up its trust fund for the future. The League also understands that the purpose of UI is to provide temporary relief for unemployed workers until they find a job, that misuse of the system by employers and employees needs to be discouraged, and that having large UI liabilities hurts employers. While finding the right balance of reforms is a challenge, we ask this committee to reject or improve changes that cause undue hardship on unemployed workers who are playing by the rules and who are making a good faith effort to find and keep employment when it becomes available.